

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 01272 141908 Z

10/15

ACTION EB-05

INFO OCT-01 NEA-05 ADP-00 AID-20 RSR-01 RSC-01 /033 W

----- 057692

R 181432 Z APR 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6451

INFO USDOC WASHDC UNN

LIMITED OFFICIAL USE KUWAIT 1272

C O R R E C T E D C O P Y (N U M B E R E D P A R A 1)

E. O. 11652 N/ A

TAGS: ECON, EAID, EIND, KU

SUBJECT: INCO- KUWAIT INDUSTRIALIZATION

REF: KUWAIT 0349 B) STATE 18759 C) KUWAIT 2593

DEPT PASS AID TA/ STS

SUMMARY:

EMBOFF AND TOBLER MET WITH MOHAMMED MADOO WHO INDICATED GOK DOES NOT HAVE FUNDS AVAILABLE THIS FISCAL YEAR COVER COSTS IESC' S INDUSTRIAL CONSULTING SERVICES PROPOSAL (REF A) IN WIDE RANGING DISCUSSIONS MADOO OUTLINED KUWAITS PRESENT AND FUTURE INDUSTRIALIZATION PLANS AND TOUCHED ON ROLE O F PRIVATE SECTOR IN JOINT- SECTOR PROJECTS. MADOO ALSO DISCUSSED US STEELS INTERST IN PROPOSED KUWAIT ROLLING STEEL MILL END SUMMARY.

1. CALL ON ASSISTANT UNDERSECTARY INDUSTRIAL AFFAIRSM MOHAMMAD MADOO REVEALED MINISTRY COMMERECE AND INDUSTRY CONSIDERS IESC' S OFFER INDUSTRIAL CONSULTING SERVICES VERY ATTRACTIVE BUT THAT GOK LACKS FUNDS FINANCE PROPOSAL THIS FISCAL YEAR. MADOO SAID MONEY MIGHT BE AVAILABLE NEXT YEAR AROUND JUNE 1974 (FYI WE UNDERSTAND MADOO TOLD IESC REP RALPH SHAFFER SAME THING PRECEDING DAY END FYI). MADOO, HOWEVER, REITERATED DESIRE HAVE AMERICAN TEAM

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 01272 141908 Z

FOUR EXPERTS- FINANCIAL (BANKING) CHECMICALS, MECHANICAL ENGINEER
MARKETING SPECIALISTS- VISIT KUWAIT AND MAKE ACROSS THE BOARD
SURVEY KUWAIT'S INDUSTRIAL POTENTIAL. MADOO SAID SUCH STUDY COULD
BE HELPFUL IN GETTING AMERICAN FIRMS PARTICIPATE IN FUTURE PROJECTS
QTE AMERICANS LIKE TO TAKE WITH AMERICAN UNQTE, HE STRESSED.

2. MADOO SAID THAT GOK APPROACHING IMPORTANT POINT INTIME RE ITS
INDUSTRIAL DIVERSIFICATION PLANNING. HE SAID GOVERNMENT WAS
FOCUSING ON THREE MAJOR PROJECTS STEEL MILL, PETROCHEMICAL
COMPLEX AND DRY DOCK FOR SHRIMPING VESSELS- OUTCOME OF WHICH
COULD HAVE IMPORTANT IMPACT ON FUTURE PLANS. LATTER PROJECT IS
NEW TO US AND WE HOPE TO OBTAIN MORE DETAILS LATER.

3. IN NOTING STEEL MILL PROJECT MADOO SAID RECENT CONVERSATION
WITH US STEEL REP SABA HAD REVEALED THAT US TEEL ONLY
INTERESTED IN MANAGEMENT CONTRACT AND NOT EQUITY INVOLVEMENT.
REASON WAS THAT PRIVATE KUWAIT BACKERS HAD OFFERED US STEEL
20 PERCENT EQUITY WHICH COMPANY FELT WAS NOT ADEQUATE. EMBASSY
WILL BE SENDING SEPARATE MESSAGE ON PROJECT.

4. MADOO SAID PRESENT GOVERNMENT POLICY ON INVESTMENT WAS
PROBLEM IN ATTRACTING FOREIGN FIRMS FOR INDUSTRIAL PROJECTS
COMMERCIAL LAW ON JOINT VENTURES REQUIRES 51 PERCENT GOVERNMENT
EQUITY WHILE 49 PERCENT IS GIVEN PRIVATE SECTOR. OF LATTER
PORTION PROJECT SPONSORS AND OTHER PRIVATE KUWAITIS TAKE OVER
25 PERCENT LEAVING REMAINING PORTION FOR FOREIGN FIRMS.

5. MADOO COMMENTED ON ATTITUDE PRIVATE SECTOR INVESTORS TOWARD
MAJOR PROJECTS. IN GENERAL LOCAL BUSINESS COMMUNITY RELUCTANT
GET INVOLVED PRELIMINARY ASPECTS VENTURE CAPITALIZATION. MOST
INVESTORS ARE ONLY INTERESTED IN PURCHASE NEW STOCK WHICH IS
ISSUED AFTER FORMATION NEW COMPANY. LOCAL SHARES MARKET CARRIES
STOCKS OF ABOUT 20 LOCAL FIRMS AND SERVES AS OUTLET FOR KUWAITIS
EXCESS LIQUIDITY. NEW ISSUES ARE USUALLY HEAVILY SUBSCRIBED
CAUSING PRICES TO QUICKLY APPRECIATE.

6. COMMENT INDUSTRIAL PLANNERS APPEAR TO BE GIVING SERIOUS
THOUGH POSSIBLE REVISION GOK'S BASIC POLICY TOWARD FOREIGN
INVOLVEMENT IN MAJOR PROJECTS. MAIN POINT UNDER CONSIDERATION
IS PRESENT LAW REQUIRING 51 PERCENT MAJORITY KUWAITI INTEREST.
WHILE NO IMMEDIATE DECISION SEEM LIKELY FACT THAT MATTER IS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KUWAIT 01272 141908 Z

NOW BEING OPENLY DISCUSSED IS HOPEFULLY FOR US FIRMS.
STOLTZFUS

LIMITED OFFICIAL USE
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT01272
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730445/aaaaairgc.tel
Line Count: 112
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 KUWAIT 349, 73 STATE 8759, 73 KUWAIT 2593
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Jan-2002 by boyleja>; APPROVED <14-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980122
Subject: INCO- KUWAIT INDUSTRIALIZATION
TAGS: EAID, ECON, EIND, KU
To: EB INFO USDOC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005